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CENTRAL BOARD OF REVENUE

NOTIFICATION

INCOME TAX

New Delhi, the 21st August 1959

S.O. 1850.—In exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (11 of 1922), the Central Board of Revenue hereby directs that the following further amendments shall be made in the Indian Income-tax Rules 1922, the same having been published as required by sub-section (4) of the said section.

Amendments

In the said rules,

1. for rules 12 and 12A the following rules shall be substituted, namely:—

“12. In the case of income chargeable under the head “Interest on Securities” where the deduction is not made by or on behalf of Government, the person making deduction of tax under sub-section (3) of section 18 shall within fourteen days of the date thereof send to the Income-tax Officer concerned a statement in the following form, namely :—

Statement of deduction of tax from interest on securities—where deduction is not made by or on behalf of Government.

1. Description of securities.
2. Numbers of securities.
3. Dates of securities.
4. Amounts of securities on which interest is paid.
5. Period for which interest is paid.
6. Amount of interest and tax deducted at source :—

	Amount of interest	Tax deducted
(a) From interest payable to companies	Income-tax	
	Super-tax	
(b) From interest payable to persons other than companies	Income-tax	
	Surcharge on I.T.	
	Super-tax	
	Surcharge on S.T.	
TOTAL		

7. Date on which tax was deducted, and

8. Date on which tax deducted was paid to the credit of Government. (Here give also the numbers and dates of the chalans through which tax was paid.)

I,.....certify that the above statement is correct and complete.

Signature of the person making the deduction.

Date :

Designation.

12A. The person making deduction of tax in accordance with sub-sections (3), (3B), (3C), and (3D) of section 18 from any payment made to

(i) a person, not being a company, who is not resident in India, or

(ii) to a company which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India,

shall within fourteen days of the date of deduction send to the Income-tax Officer concerned a statement in the following form :—

Statement of deductions of tax from interest, dividends or any other sum payable to (i) persons not being companies, not resident in India ; and (ii) companies which are neither Indian Companies nor companies which have made the prescribed arrangements for the declaration and payment of dividends within India.

Name and address of the payer :

Sl. No.	Name and address of the recipient	Date of payment and in the case of dividends the date of declaration of dividends by the company	Nature of payment	Amount payable before deduction of tax (see foot-note)	Amount of tax deducted			
					Income-tax	Sur-charge	Super-tax	Sur-charge
					@ Rs.	@ Rs.	@ Rs.	@ Rs.

A. Recipients who are companies.

TOTAL

B. Recipients who are not companies.

TOTAL

Date on which the tax deducted was paid to the credit of Government. (Here give also the Nos. and dates of the Chalans through which tax was paid).

I,.....certify that the above particulars are correct and complete.

Signature of the person making the deduction.

Date :

NOTE.—This should be shown after adjustment under Section 18(3E) in the case of tax-free preference dividends.

12AA. The person making deduction in accordance with sub-section (3D) of section 18 from dividends declared by a company shall within fourteen days of the date of deduction send to the Income-tax Officer assessing the company a statement in the following form, namely:—

Statement of deduction of tax under section 18(3D) of the Income-tax Act.

1. Name and address of the company declaring the dividend.
2. Date of declaration of dividend.
3. Period for which dividend has been declared.
4. Amount of dividend declared (before deduction of tax) as per the following details:—

Nature of share capital	Amount of paid-up capital	Rate of dividend	Amount of dividend	Amount payable to	
				Companies	persons other than companies
Ordinary					
Preference					
(a) Tax-free					
(b) Taxable					
TOTAL					

5. *Deduct*—Amount on which no deduction was made:—

- (i) Amount attributable to that part of the income of the company on which no tax was payable under section 15C as determined by the Income-tax Officer under section 18 (3F)
- (ii) amount covered by exemption certificates issued under the proviso to section 18(3D)
- (iii) amount on which no deduction was to be made in view of the provisions of section 18(10)

TOTAL

6. *Add*—Amount by which preference dividend declared tax-free has been increased under section 18(3E) for the purpose of deduction of tax

7. Amount on which tax was deducted under section 18 (3D).
[(4—5)+6]

8. Amount of tax deducted :

Income-tax

Surcharge on income-tax

Super-tax

Surcharge on super-tax

Total amount of deduction

9. Date on which tax deducted was paid to the credit of Government. (Here give also the Nos. and dates of chaldans through which payment was made).

I, hereby certify that the above particulars are correct and complete.

Signature

Date :

2. in rule 12B,

- (1) for the figures, letters, brackets and word '(3), (3A), (3B), (3C)' (3D) and (3E)' the figures, letters, brackets and word '(3), 3(B), (3C) and (3D)', shall be substituted;
- (2) for the word 'Imperial' the word 'State' shall be substituted;

3. For rule 12C, the following rule shall be substituted, namely.—

12C. ~~An application by a person other than a company for a certificate under the~~ provisos to sub-section (3) of section 18 of the Act shall be made in the following form—

APPLICATION BY A PERSON OTHER THAN A COMPANY FOR A CERTIFICATE UNDER THE PROVISOS TO SECTION 18(3) OF THE INDIAN INCOME TAX ACT, 1922 RELATING TO DEDUCTIONS OF TAX FROM INTEREST ON SECURITIES.

To

The Income-tax Officer,

..... (Circle)

..... (Address)

Sir,

*I..... of..... do hereby declare that my total income computed in accordance with the provisions of the Indian Income-tax Act, total world income 1922 (II of 1922) during the year ending on the 31st day of March..... including the interest on securities particulars of which are given in the Schedule hereto, was less than the minimum liable to income-tax ^{my} total income and I have no reason to expect that my total world income amounted to Rs..... during the *three years* next following will increase substantially.

*I..... the trustee/co-trustee of..... do hereby declare that the securities, particulars of which are given in the schedule hereto are property held under trust or other legal obligation wholly for religious or charitable purposes and that the interest therefrom qualifies for exemption under the provisions of section 4(3)(i) of the income-tax Act

I, therefore, pray that a certificate may be issued to the person responsible for paying the interest on the said securities authorising him

not to deduct Income tax

to deduct income-tax at the rate of..... per cent
and super-tax at the rate of..... per cent
at the time of payment of such interest

Signature.....

Address.....

resident and ordinarily resident

I hereby declare that I am resident but not ordinarily resident in the taxable territories.
non-resident

I hereby declare that what is stated in this application is correct

Signature.....

Address.....

Date

SCHEDULE

- (i) Description of securities
- (ii) Numbers of securities
- (iii) Dates of securities.
- (iv) Amounts of securities

*The inappropriate paragraphs and words to be struck out.

4. After rule 12C, the following rules shall be inserted, namely :—

"12D. An application by a company for a certificate under the first proviso to sub-section (3) of section 18 shall be made in the following form —

Application by a company for a certificate under the first proviso to section 18 (3) of the Indian Income-tax Act, 1922, relating to the deduction of tax from interest on securities.

10

The Income tax Officer,

(address)

Circle,

Sir,

I, the principal officer of _____ do hereby declare that for the year _____ the company will be liable to tax at a rate which is less than the rate prescribed for the deduction of tax at source

I, therefore, pray that a certificate may be issued to the person responsible, for paying the interest on securities, particulars of which are given in the schedule hereto to deduct income-tax at the rate of _____ at the time of payment of such interest.

Signature
Designation
Address
.. . . .

SCHEDULE

- (i) Description of securities
- (ii) Numbers of securities
- (iii) Dates of securities
- (iv) Amounts of securities

12E (1) The Income-tax Officer may give a certificate in accordance with the proviso to sub section (3D) of section 18 authorising the payment of a dividend to a shareholder, other than a company, without deduction of tax only if the following conditions are satisfied, namely :—

- (a) The shares in respect of which the certificate is sought for by him
 - (i) are shares in public companies and
 - (ii) stand in his name and are beneficially owned by him, and the dividends therefrom are not includible in the total income of any other person under section 16 of the Income-tax Act or
 - (iii) stand in his name and are held by him under trust or other legal obligation wholly for religious or charitable purposes and the dividends therefrom are exempt from tax under the provisions of sub-section (3) of section 4 of the Income tax Act
- (b) An application for the certificate is made to the Income tax Officer in the form annexed to this rule

(2) The certificate shall be valid for such period (not exceeding three years from the date of the certificate), as the Income-tax Officer may specify therein, unless, it is cancelled by him at any time before the expiry of the specified period. An application for a fresh certificate may be made, if required, after the expiry of the period of validity of the earlier certificate

The certificate shall be valid only for the person named therein and shall cease to be operative from the date of notice to the company of the transfer of any of the shares mentioned therein to another person, in respect of the shares so transferred

(3) The certificate shall be issued direct to the Principal Officer of the company under advice to the applicant shareholder.

ANNEXURE

Application for a certificate under the proviso to Section 18 (3D) of Indian Income-tax Act 1922, relating to deduction of tax from dividends

To

The Income tax Officer,

Sir,

*I,

of

do hereby declare :

- (1) that my total income/total world income computed in accordance with the provisions of the Indian Income-tax Act, 1922, during the year ending on the 31st day of March, 19____, including dividends from shares, the particulars of which are

given in the schedule hereto, was less than the minimum liable to Income-tax and that I have no reason to expect that my $\frac{\text{total income}}{\text{total world income}}$ during the three years next following will exceed the minimum amount aforesaid, and

- (ii) that the said shares stand in my name and are beneficially owned by me, and the dividends therefrom are not includible in the total income of any other person under Section 16 of the Indian Income-tax Act.

*I,.....the trustee/co-trustee of.....do hereby declare that the shares, the particulars of which are given in the schedule hereto are property held under trust or other legal obligation wholly for religious or charitable purposes, and that the dividends therefrom qualify for exemption under the provisions of section 4(3) (i) of the Income-tax Act.

I, therefore, pray that a certificate may be issued to each of the principal officers responsible for paying the dividends on the said shares authorising him to pay the amount of such dividends without deduction of tax.

Signature.....

Address.....

Date

resident and ordinarily resident

*I hereby declare that I am resident but not ordinarily resident in the taxable territories non-resident

I hereby declare that what is stated in this application is correct.

Signature.....

Address.....

SCHEDULE

Serial No.	Name and address of the company	No. of shares	Class of shares and face value of each share	Total face value of shares	Distinctive Nos. of share certificates
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Signature.....

*The inappropriate paragraphs and words to be struck out.

5. For rule 13, the following rule shall be substituted, namely :—

13. The certificate to be furnished under section 18(9) of the Act by any person paying interest chargeable to tax on any security of the Central Government or of a State Government shall be in the following form :—

Certificate of deduction of tax from the interest on bearer bonds
Promissory notes/stock

Certificates/Subsidiary General Ledger Account Balance.

Dividend No. of coupon

Draft No.

£Number of receipt for interest.

Certified that a sum of Rs.....has been deducted as specified below :

- (i) Rs..... being income-tax at the rate of.....
 (ii) Rs..... being sur charge on income-tax.
 (iii) Rs.....being super-tax at the rate of.....

(iv) Rs..... being surcharge on super-tax.
from the interest coupons for Rs..... presented for payment by the draft
of this date
in the interest receipt

from Rs..... being the amount of interest on bearer bonds
Government promissory notes/stock
certificates/Subsidiary General Ledger Account Balance for Rs..... of the..... per cent
said to be the property of
loan of
standing in the name of

Signature

(Name of the office paying interest)

(Designation of the official paying
interest)

The

19

(To be signed by the claimant)

I hereby declare that the bearer bonds
Government promissory notes/stock certificates/Subsidiary General
Ledger Account Balance on which interest, as above specified, has been received
were my own property.

were the property of..... of which I am the principal officer
(name of the company)
and were in the possession of..... at the time when
tax was deducted.

Date.....

Signature.....

NOTE.—(1) The securities or in the case of a Subsidiary General Ledger Account Balance, a certificate from the Public Debt Office or office of the Reserve Bank of India concerned, to be produced, when required in support of any claim.

(2) This certificate should not be returned to the Public Debt Office. In case you desire to claim a refund of the whole or any part of the tax deducted, as shown above, on the ground that your total annual income is below the taxable limit or is liable to income-tax at a rate which is less than the rate at which tax has been deducted, you should send this certificate to the Income-tax Office direct with an application in the prescribed form obtainable from that office.

£ This Number should also appear in the interest cages on the back of the Government promissory notes.

The inappropriate words to be struck out.

6. In rule 13A,

(1) for the words "certify that Rs..... being income-tax at the rate of paise per rupee has been deducted", the following shall be substituted namely :—

"certify that the sum of Rs. has been deducted as specified below

(i) Rs. being income-tax at the rate of

(ii) Rs..... being sur-charge on income-tax.

(iii) Rs..... being super-tax at the rate of.....

(iv) Rs..... being sur-charge on super-tax."

- (2) for the words "were my own property and were in the possession of.....at the time when the income-tax was deducted", the following shall be substituted, namely :—

"were my own property

.....were the property ofof which I am the
(name of the company)

.....and were in the possession of.....
principal officer
.....at the time when the tax was
deducted".

7. For rule 13B, the following rule shall be substituted, namely:—

"13B. The certificate to be furnished under section 18(9) of the Act by the person paying any interest not being "interest on securities" or any other sum, not being dividends chargeable under the provisions of the Act shall be in the following form:—

Name of the person making payment.

Address.

Nature of payment.

To

Name and address of payee.

I/We hereby certify that a sum of Rupees.....
being tax as detailed below has been deducted from Rupees.....
being the amount of.....(here give the nature of payment)
paid on.....*[at the rate of.....per
cent per annum for the period.....]
computed on the amount of Rupees.....].

Details of tax deduction

Rs.being income-tax at the rate of
Rs.being surcharge on income-tax
Rs.being supertax at the rate of
Rs.being surcharge on super-tax
Rs.Total

Date

Signature of person making payment.

NOTE.—In the case of payers other than the Reserve Bank of India and the Banks scheduled under the Reserve Bank of India Act, the receipt for payment of tax to the credit of Central Government *i.e.*, counter-foil of the income-tax chalan shall be furnished along with the certificate; in the case of the Banks referred to above, a certificate by the Bank specifying the number and date of the chalan with which the tax has been credited to the Central Government and the amount which included the particular sum shall be furnished.

*[] This applies to payment of interest only.

8. Rule 13C shall be omitted.

9. In Rule 13D, for the words, figures, brackets and letters "sub-section (3E) of section 18" the following shall be substituted, namely:—

"Sub-sections (3B) and (3D) of section 18".

10. In rule 14,

(1) for the words and figures "The certificate to be furnished by the Principal Officer of a company under section 20 shall be in the following form", the following shall be substituted, namely:—

"(1) The certificate to be furnished by the Principal Officer of a company under section 20 in relation to any dividends declared or payable by the company in respect of the previous year relevant to the assessment year 1959-60 or earlier years shall be in the following forms:—"

(2) The following shall be inserted at the end, namely:—

"(2) The certificate to be furnished by the Principal Officer of a company under sub-section (9) of section 18 for deduction of tax from dividends declared or payable by the company in respect of the previous year relevant to the assessment year 1960-61 and subsequent years [see foot-note 1] shall be in the following form:—"

CERTIFICATE OF DEDUCTION OF TAX FROM DIVIDENDS UNDER SECTION 18 (9) OF THE INCOME TAX ACT.

Name of the company

Dividend Warrant No.

Address

Date

Name and address of the shareholder

Status
[see foot-note 2]

Warrant for Rs. being the amount of dividend payable after deduction of tax on (here give number and description of shares) to the shareholder mentioned above.

I/We certify,

(i) that dividend/interim dividend at the rate of Rs. (in words and figures) per share was declared at the (here give the number and nature of meeting) meeting held on (date) to consider the accounts of the company in respect of the accounting year/period ending on (date).

(ii) that the tax as detailed below has been deducted from the amount of dividend.

DETAILS OF TAX DEDUCTION

1. The amount of dividend [as adjusted under section 18(3E) where necessary] from which tax has been deducted. Rs.

2. Amount of tax deducted :

[see foot-notes 3 and 4]

	Rate]	Amount
Income tax		
Surcharge on income-tax		
Super-tax		
Sur-charge on super-tax		
Total tax deducted		

(iii) that the tax deducted as above has been paid on (date) or will be paid within a week commencing from the date of this certificate to the Central Government.

Signature of the Principal Officer

For
(name of the company)

.....
(to be signed by the claimant)

I hereby certify that the dividends above mentioned relate to the shares which were my own property

the property of of which I am the Principal Officer
(name of the company)

at the time when the dividend was declared/during the period from to / on (date), and were in the possession of

Signature

Date

NOTE: (1) The entire amount of dividends declared in a meeting held to consider the accounts of the company in respect of a previous year the profits of which are assessable in 1960-61 or in a subsequent year will constitute 'dividends declared or payable in respect of the previous year relevant to the assessment year 1960-61 or such subsequent year'.

(2) In the case of a shareholder other than a company, whom the principal officer has no reason to believe to be 'Resident' in India, the status should be shown as 'Not-Resident'. The status of any other shareholder not being a company should be shown as 'Resident'.

In the case of a shareholder which is a company, the status should be shown as 'Indian' company if it is incorporated in India, and as a 'Foreign' company, if it is incorporated outside India.

(3) Income-tax and super-tax are to be deducted in each case at the rates prescribed in part III of the First Schedule of the annual Finance Act.

In the case of a preference dividend declared free of tax, for the purpose of computing the tax to be deducted, the amount payable to the shareholder as dividend should be taken to be such an amount as would, after deduction of a sum equal to 30% thereof, be equal to the net amount of dividend receivable by the shareholder free of tax.

(4) Where—

(a) no tax has been deducted in view of the provisions of section 18(10) or in accordance with an exemption certificate issued by the Income-tax Officer under the proviso to section 18(3D), or

(b) tax has not been deducted on the whole or any portion of the dividend in accordance with the determination of the Income-tax Officer under section 18(3F),

the amount in item (iv) of the certificate (under 'Details of tax deduction') should be shown at nil or at the appropriate figure calculated in accordance with the Income-tax Officer's determination; and the specific reason therefor should be given with details (for example, number, date and office of issue of exemption certificate or Income-tax Officer's determination etc.) as a foot-note or annexure to the certificate.

11. For rule 43, the following rule shall be substituted, namely :—

"43. The return by the principal officer of a company under section 19A shall be in the following form and shall be delivered to the Income-tax Officer who assesses the company :—

RETURN UNDER SECTION 19A OF THE INDIAN INCOME TAX ACT, 1922
FOR THE YEAR 1st APRIL 19 to 31st MARCH 19 .

Name of company.....

Address of company.....

(1) Resident shareholders/Non-resident shareholders

Sl. No.	Name of shareholder	Address of shareholder	Date of declaration of dividends	Year for which dividends declared	Amount of dividends		
					Gross	Tax deducted	Net
1	2	3	4	5	6	7	8

I, _____, the principal officer of the company, hereby certify that the above statement contains a complete list of—

(1) the resident/non-resident shareholders which are companies and to whom a dividend was distributed in the period from the 1st April, 19 to the 31st March 19 ;
and

- (2) other resident/non-resident shareholders of the company to whom a dividend or aggregate dividends exceeding Rs. 5,000 (gross) was or were distributed in the period from the 1st April 19 to the 31st March 19 .

Dated 19 .

Signature

NOTE : (1) Separate forms should be used for resident companies, non-resident companies, resident non-company shareholders and non-resident non-company shareholders.

(2) Where preference dividends are declared free of tax, the figure to be entered in column (8) will be the sum actually paid, and the figure to be entered in column (6) will be the amount which after deduction of thirty per cent therefrom will be equal to the sum actually paid free of tax.

[No. 90]

N. H. NAQVI. Secy.

